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CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 29

Introduced by Assembly Member Kehoe Members Kehoe, Cedillo, Correa, Frommer, Jackson, Keeley, Lowenthal, Nation, Pescetti, Reyes, Steinberg, and Strom-Martin
(Principal coauthors: Assembly Members Pavley and Shelley)
(Coauthors: Assembly Members Lui and Negrete McLeod)

February 5, 2001

An act to add Article 2 (commencing with Section 81610) and Article 2.5 (commencing with Section 81620) to Chapter 3 of Part 49 of the Education Code, to add *Article 6 (commencing with Section 14710) to Chapter 2 of Part 5.5* and Article 4 (commencing with Section 15350) to Chapter 1 of Part 6.7 of Division 3 of Title 2 of, the Government Code, to amend Sections 26003 and 26011.5 of, to add Section 26011.6 to, to add ~~Chapter 4.7 (commencing with Section 25370), Chapter 5.3 (commencing with Section 25425), and Chapter 5.35 (commencing with Section 25437)~~ to Division 15 of, and to add and repeal Chapter 4 (commencing with Section 14420) of Division 12 of, the Public Resources Code, to amend ~~Sections 739 and 2827 of Section 739 of, to amend, repeal, and add Section 2827 of,~~ and to add Sections 739.10 and 739.11 to, the Public Utilities Code, relating to energy, making an

appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as amended, Kehoe. Energy.

(1) Existing law establishes the State Energy Resources Conservation and Development Commission in the Resources Agency, and grants it authority with respect to various energy efficiency measures and programs. Existing law generally permits public agencies to develop energy conservation, cogeneration, and alternative energy supply sources at their facilities in order to promote all feasible means of energy and water conservation. Existing law also generally requires public agencies to meet specified requirements regarding service, consulting, architectural, and engineering contracts, and requires those contracts to be approved by the Department of General Services.

This bill would enact, until January 1, 2002, the Summer 2001 Energy Efficiency Projects by Community College Districts program, which would fund the implementation of energy conservation, efficiency, cogeneration, and alternate energy supply sources by community college districts on public property. The bill would require a community college district to request proposals prior to awarding or entering into a contract, agreement, or lease, and would require the district to award each contract based on the consideration of specified qualifications. The bill would exempt energy projects from specified requirements imposed on contracts entered into by public agencies. The bill would authorize the ~~Director of General Services to exempt~~ *exemption of* any energy project proposed by a community college district from existing advertising and competitive bidding requirements if the director deems the exemption necessary, as specified.

The bill would require each community college district that receives funds from the program to provide a report to the Chancellor of the California Community Colleges, on or before January 1, 2002, and would require the chancellor to report that information to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the appropriate policy and fiscal committees of each house of the Legislature, and the Governor by March 1, 2002.

By imposing additional duties on community college districts, this bill would impose a state-mandated local program.



This bill would establish the Statewide Energy Management Program to assist community college districts to achieve energy independence through the development of energy management plans, the construction of sustainable green buildings, the use of renewable or other distributed energy systems, and the expansion of statewide energy education programs and services, as prescribed. The bill would require the Board of Governors of the California Community Colleges, in consultation with the commission, to develop guidelines for this program.

The bill would require the chancellor to establish an advisory committee to provide recommendations regarding overall program development, resource development and deployment, and strategies for implementation and coordination of the program.

(2) Existing law establishes the Technology, Trade and Commerce Agency with specified powers and duties relating to economic development and science and technology. Existing law requires the energy commission to establish a small business energy assistance low-interest revolving loan program to fund the purchase of equipment for alternative technology energy projects for California's small businesses.

This bill would require the agency to administer the California Renewable Energy Loan Guarantee Program to guarantee loans made by financial institutions to eligible businesses for the permitting, manufacturing, acquisition, construction, or installation of renewable energy systems that are intended to decrease demand on the electricity grid.

(3) Existing law establishes the California Conservation Corps to conserve and develop natural resources, and enhance and maintain environmentally important lands and waters through the use of California's young women and men and to assist these youths in becoming productive adults. Existing law establishes the Department of Community Services and Development to provide a range of services and activities having a measurable and potentially major impact on causes of poverty, and to assist low-income individuals and families, migrants, and the elderly poor to obtain employment, education, income, housing, food, and emergency services.

This bill would create the Mobile Energy Efficiency Brigade, to be implemented by the corps and the department, to expand current weatherization, energy-efficiency, and rehabilitation programs in



accordance with prescribed objectives. These provisions would remain in effect until January 1, 2003.

(4) Existing law requires the energy commission to administer a program of grants and loans with respect to energy efficiency measures and programs.

This bill would authorize the owner of any shopping center, defined by the bill to mean a group of 2 or more retail stores that use common parking facilities or that open to an enclosed common area or a retail store that is at least 1,500 square feet, to request an energy audit to be performed by an electrical corporation or local publicly owned electric utility and to apply to the energy commission for a loan for energy conservation projects identified by that audit. The bill would authorize the commission to disburse loans and establish procedures for the application, disbursement, and repayment of loans, as specified. The bill would limit eligibility for the loans to energy conservation projects that are implemented no later than October 31, 2001.

~~The bill would create the Energy Conservation Loans to Shopping Centers Account in the General Fund and would continuously appropriate the money in that account to the commission to carry out the bill. The bill would require that any funds in the account not encumbered by October 31, 2001, be transferred to the General Fund.~~

(5) This bill would also require the energy commission to administer a grant and loan program for eligible construction or retrofit projects, as defined, and the Small Business Energy Efficient Refrigeration Loan Program established by the bill.

(6) The existing Energy Conservation Assistance Act of 1979, until January 1, 2011, permits a school, hospital, public care institution, or unit of local government to submit an application to the energy commission for a loan of funds for the purpose of financing all or a portion of the costs incurred in implementing a project, as defined, including an energy conservation project.

~~This bill would require the commission to administer a program of grants to a city, county, or special district, including a school district, to fund energy efficiency and conservation projects, as defined, in facilities owned by those entities. The grants would provide up to 50% of the funding for the cost of the projects.~~

(7) Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and prescribes the duties of the authority with respect to, among other things, promoting

prompt and efficient development of energy sources that are renewable or that more efficiently utilize and conserve scarce energy resources.

This bill would require the authority to establish a renewable energy program to provide 3% per annum loans to public power entities, independent generators, utilities, or businesses manufacturing renewable energy generation components or systems, or both, to generate new and renewable energy sources, as defined, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies. The bill would require the authority to *ensure that any financed project offer its power within California on a long-term contract basis* ~~adopt emergency regulations, and annually report the results of the program to the Legislature.~~

(8) Under existing law, the Public Utilities Commission requires every electrical and gas corporation to file a schedule of rates and charges providing baseline rates. In establishing these rates, existing law requires the commission to avoid excessive rate increases for residential customers, and to establish an appropriate gradual differential between the rates for the respective blocks of usage. Additionally, in establishing residential electric and gas rates, including baseline rates, existing law requires the commission to assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable.

~~This bill would instead require the commission to establish a 3-tier increasing block rate structure for residential electric customers at the earliest practicable date.~~

The bill would require the commission, at least until December 31, 2003, to require that all charges for residential electric customers are volumetric, and to prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption unless the charges are in place prior to the effective date of the bill.

This bill would require the commission to make, on a periodic basis, for residential customers, adjustments that are necessary to eliminate any linkage between recovery of an electrical corporation's authorized revenues and its electrical sales.

The bill would also require the commission to ~~undertake any necessary measures to allow for the replacement of nonresidential~~

~~meters with time-of-use meters under specified circumstances and would provide that nonresidential customers on time-of-use meters are subject to a time-of-use rate schedule until December 31, 2002, to ensure that errors in estimates of demand elasticity of sales do not result in material over or undercollections of the electrical corporations.~~

Because existing law makes any public utility that violates specified provisions regulating public utilities guilty of a misdemeanor, this bill would impose a state-mandated local program by creating a new crime.

(9) Existing law exempts an electrical corporation that provides distribution service for direct transactions from the obligation to provide net energy metering to a customer, if the customer participates in direct transactions with an electric supplier that does not offer net energy metering, and authorizes an electrical corporation that provides distribution service for direct transactions to recover from the electric service provider of a customer that participates in direct transactions the incremental costs of metering and billing service related to net energy metering, in an amount set by the Public Utilities Commission. Existing law also establishes formulas for the calculation of net monthly consumption for eligible customer-generators taking service employing baseline, over baseline, and time use of rates. Existing law, for purposes of those provisions, defines the term “electric service provider” to include specified entities and defines “eligible customer-generator,” to mean a residential customer, or a small commercial customer of an electric service provider.

This bill would revise the definition of *an* electric service provider, *until June 1, 2002*, to also include any other entity that provides electrical service. The bill would revise the definition of *an* eligible customer-generator, *until June 1, 2002*, to also include commercial, industrial, or agricultural customers of an electric service provider. The bill would eliminate, *until June 1, 2002*, certain requirements with respect to the information electric service providers are required to provide to the ratemaking authority relating to total rated generating capacity used by eligible customer-generators.

(10) Existing law requires every electric service provider, upon request, to make available to eligible customer-generators contracts for net energy metering subject to specified limitations on the number of contracts.

This bill would eliminate the specified limitations on the number of contracts.

(11) Existing law specifies that if a customer participates in direct transactions with an electric supplier that does not offer net energy metering, the electrical corporation that provides distribution service for the direct transactions is not obligated to provide net energy metering to the customer.

This bill would, instead, specify that if a customer participates in direct transactions with an electric supplier that does not provide distribution service for the direct transactions, the electrical corporation that provides distribution service for an eligible customer-generator is not obligated to provide net energy metering to the customer.

~~(12) Existing law requires that each net energy metering contract or tariff be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if that customer was not an eligible customer-generator.~~

~~This bill would prohibit eligible customer-generators from being assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility unless the Public Utilities Commission adopts specified charges.~~

~~This bill would require the commission to track specified standby and interconnection costs, and system and local benefits provided by eligible net metered end use consumers. The bill would also require the commission to adopt standby charges that accurately reflect the reasonable costs and benefits conveyed by self-generation.~~

~~(13) Under existing law, the Department of Community Services and Development is required to receive and administer the federal Low Income Home Energy Assistance Program Block Grant and allocate the funds from that grant in a specified manner. Under existing law, a portion of these block grant funds is required to be allocated for weatherization services. The department also receives and administers federal Department of Energy Low Income Weatherization Assistance Program funds, to provide installation of weatherization measures that increase the energy efficiency of dwellings occupied by low-income persons.~~

~~This bill would provide funding to the department for low-income weatherization programs.~~

~~(14)~~

~~(12) Under existing law, the Emerging Renewable Resources Account is created in the Renewable Resource Trust Fund and specified~~

portions of revenues collected by electrical corporations for the benefit of in-state operation and development of existing and new and emerging renewable resource technologies are required to be transmitted to the energy commission for deposit in the Renewable Resource Trust Fund. The money in the fund and the account is continuously appropriated to the energy commission for specified purposes, including a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. Existing law requires this program to provide monetary rebates, buydowns, or equivalent incentives to purchasers, lessees, lessors, or sellers of eligible electricity generating systems and limits the incentives to a maximum percentage of the system price, as defined by the energy commission.

This bill would require the commission to expand existing programs to promote clean distribution generation technologies.

The bill would authorize the commission to increase the maximum rebate levels for certain distributed emerging technologies that have a peak capacity greater than 10 kilowatts, if the commission makes a specified determination.

~~(15)–~~

(13) Existing law authorizes the State Public Works Board to develop energy and water conservation and cogeneration and alternative energy and water supply sources at state facilities. Existing law requires the buildings acquired or constructed by the board to be operated and maintained by the board until they are placed under the jurisdiction of the Department of General Services or another state agency.

This bill would require the department to identify, from the department's state property inventory, all buildings where it is feasible to reduce energy consumption and achieve energy efficiencies, as well as to produce onsite electrical generation or reduce the level of peak-period electrical consumption for that building using alternative energy equipment thermal energy storage or cogeneration equipment.

This bill would authorize the Director of General Services to enter into 3rd party agreements to implement energy efficiencies and feasible onsite electrical generation. The bill would authorize the director to enter into negotiated agreements to accomplish specified objectives relating to energy.

This bill would require the department to retrofit specified public buildings where feasible, provided that work on public buildings of the



California State University is performed at the request or with the consent of the university.

This bill would require the department to prepare and submit to the Legislature and the Governor, a report of the energy savings, if any, in terms of megawatts per year, for each public building retrofitted on or before 2 years after the effective date of this bill, and every 2 years thereafter.

(14) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(16) The bill would appropriate or reappropriate \$405,150,000 from specified funds to the Controller to be allocated in accordance with a specified schedule to accomplish the purposes of this bill.

(17) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 2 (commencing with Section 81610) is
2 added to Chapter 3 of Part 49 of the Education Code, to read:

3

4 Article 2. Summer 2001 Energy Efficiency Projects By
5 Community College Districts

6

7 81610. It is the intent of the Legislature to permit community
8 college districts to implement energy conservation, efficiency,
9 cogeneration, and alternate energy supply sources on public
10 property in accordance with this chapter in the most expedient



1 manner possible. It is also the intent of the Legislature that the
2 ~~Department of General Services and the~~ California Community
3 College system take all steps necessary to ensure that the energy
4 efficiency projects contemplated by this chapter are in place by the
5 summer of 2001.

6 81611. For the purposes of this article, “energy project”
7 means equipment, load management techniques, or other
8 measures or services that reduce energy consumption and provide
9 for more efficient use of energy in buildings or facilities owned or
10 operated by community college districts, and that can be
11 completed and energy savings realized by the summer of 2001 in
12 order to minimize the need for future state resources to pay for
13 increased energy costs.

14 81612. (a) Notwithstanding any other provision of law, prior
15 to awarding, or entering into, any contract, agreement, or lease
16 pursuant to this article, a community college district shall request
17 proposals from qualified persons. After evaluating those
18 proposals, the community college district shall award contracts to
19 responsible persons or entities who submit responses to a request
20 for proposal which are responsive to the requirements of the
21 request for proposals. A community college may award a contract
22 for an energy project under this article to any responsible person
23 or entity timely submitting a responsive answer to the request for
24 proposals based on qualifications, including the consideration of
25 all of the following factors:

26 (1) Experience of the contractor, architect, engineer, or other
27 consultant, as applicable.

28 (2) Type of technology to be employed by the contractor on the
29 energy project.

30 (3) Cost to the district.

31 (4) Any other considerations deemed relevant by the district.

32 (b) Notwithstanding any other provision of law, community
33 college districts may award contracts pursuant to a request for
34 proposals issued under this article or award contracts to persons or
35 entities selected from the pool of qualified energy service
36 companies established pursuant to Section 388 of the Public
37 Utilities Code, when it is determined they are qualified to perform
38 the work on a particular project. A request for proposal does not
39 have to be prepared if a community college district elects to award
40 a contract for an energy project to only those persons or entities

1 included in the pool of qualified energy service companies under
2 Section 388 of the Public Utilities Code. If a community college
3 district elects to seek proposals for an energy project pursuant to
4 a request for proposals and from the pool of qualified energy
5 service companies under Section 388 of the Public Utilities Code,
6 the community college district shall prepare a request for
7 proposals. Award of such a contract shall be based upon the factors
8 described in subdivision (a).

9 81613. (a) Notwithstanding the repeal of this section by
10 Section 81615, on or before January 1, 2002, each community
11 college district receiving funds appropriated pursuant to this
12 section shall provide a report to the Chancellor of the California
13 Community Colleges with the following information:

14 (1) The amount of funding expended.

15 (2) The measures, programs, or activities funded.

16 (3) A description of the effectiveness of the measures,
17 programs, or activities funded in reducing peak electricity demand
18 and improving energy efficiency, as measured in kilowatthours of
19 electricity or British thermal unit hours reduced per dollar
20 expended.

21 (b) Notwithstanding the repeal of this section by Section
22 81615, on or before March 1, 2002, the Chancellor of the
23 California Community Colleges shall provide a summary of the
24 reports provided pursuant to subdivision (a) to the Chairperson of
25 the Joint Legislative Budget Committee, to the chairpersons of the
26 appropriate policy and fiscal committees of both houses of the
27 Legislature, and to the Governor.

28 81614. Any contracts entered into pursuant to this chapter by
29 a community college district are exempt from the following
30 requirements:

31 (a) Architectural, engineering, construction management, and
32 consulting contracts are exempt from Chapter 10 (commencing
33 with Section 4525) of Division 5 of Title 1 of the Government
34 Code.

35 (b) All contracts are exempt from Article 3.5 (commencing
36 with Section 81660).

37 (c) All contracts are exempt from the publication requirements
38 set forth in Section 81641.

39 (d) All contracts are exempt from Article 41 (commencing
40 with Section 20650) of Chapter 1 of Part 3 of Division 2 of the

1 Public Contract Code, except that if in the request for proposals for
2 an energy project under this article, a community college district
3 has established a requirement for bid security, a response to the
4 request for proposal will be deemed responsive only if the
5 response is submitted with the required bid security.

6 (e) If the value of a project awarded by a community college
7 district to a contractor to implement an energy project under this
8 article is in excess of twenty-five thousand dollars (\$25,000),
9 regardless of whether the requirement is noted in the request for
10 proposals, the contractor awarded such a contract shall obtain and
11 submit to such a community college district for approval of a
12 Labor and Materials Payment Bond conforming to the
13 requirements of Section 3248 of the Civil Code.

14 (f) If required by the terms of a request for proposals issued by
15 a community college district under this article, the person or entity
16 awarded such a contract shall obtain a performance bond
17 conforming with the applicable requirements of the request for
18 proposals.

19 81615. This article shall remain in effect only until January 1,
20 2002, and as of that date is repealed, unless a later enacted statute,
21 that is enacted before January 1, 2002, deletes or extends that date.

22 SEC. 2. Article 2.5 (commencing with Section 81620) is
23 added to Chapter 3 of Part 49 of the Education Code, to read:

24
25 Article 2.5. Statewide Energy Management Program
26

27 81620. This article shall be known, and may be cited, as the
28 Statewide Energy Management Program.

29 81621. The definitions set forth in this section govern the
30 construction of this article:

31 (a) "Commission" means the State Energy Resources
32 Conservation and Development Commission.

33 (b) "Energy independence" means the utilization of existing
34 and developing technologies to meet energy needs onsite,
35 including, but not necessarily limited to, the utilization of solar,
36 fuel cells, and other renewable and clean onsite energy sources, the
37 optimization of the use of daylighting, the use of passive solar
38 orientation, and the use of construction techniques that minimize
39 energy loss, such as appropriate insulation and lighting fixtures.

(c) “Energy management plans” means the plans that community colleges develop with guidance from the Statewide Energy Management Program to implement energy efficiency projects such as sustainable green buildings, renovations, and wind or solar farms that will move the community colleges toward energy independence.

(d) “Program” means the Statewide Energy Management Program, established under this article, which is a state program modeled after the Federal Energy Management Program.

(e) “Renewable or other distributed energy systems” means alternative efficient sources of energy such as daylighting, photovoltaic panels (rooftops or solar farms), passive solar heating, fuel cells, and steam. *Diesel-fueled electric generating systems are not included in this definition.*

(f) “Sustainable green building” means a building that has been designed to reduce both direct and indirect environmental consequences associated with construction, occupancy, operation, maintenance, and eventual decommissioning, and whose design is evaluated for cost, quality of life, future flexibility, ease of maintenance, energy and resource efficiency, and overall environmental impact, with an emphasis on life-cycle cost analysis.

81622. (a) In consultation with the commission, the Board of Governors of the California Community Colleges shall further develop and refine certain guidelines for a Statewide Energy Management Program that have been established under an ongoing joint effort of the commission and DeAnza College. This statewide effort shall allow community college districts to achieve energy independence through the development of energy management plans, the construction of sustainable green buildings, the use of renewable or other distributed energy systems, and the expansion of statewide energy education programs and services.

(b) By 2010, the program shall, at a minimum, facilitate the completion of 20 district energy management plans, 150 renewable or other distributed energy systems, and 20 sustainable green buildings on community college campuses statewide.

(c) In consultation with the commission, the board of governors shall accomplish all of the following:

(1) Review and comment on academic, occupational, and vocational education materials developed by the commission, the Electric Power Research Institute, public utilities, and the community colleges to improve energy education programs and services.

(2) Review and recommend actions regarding successful energy education programs and services that can be identified for replication, personnel exchanges, or implementation of successful practices.

(3) Review and recommend actions regarding program resources for use by the community colleges or state agencies in improving energy education programs and services.

(4) Review exemplary programs and facilities, and recommend activities for adoption, replication, or policy advice.

(5) Review, comment, and recommend actions regarding services that will effect energy conservation.

(6) Review and comment on funding requests received to improve or enhance energy education.

(7) Review and comment on occupational and vocational training programs and services to meet current employment standards in energy occupations.

81623. The board of governors shall encourage the construction of community college sustainable green buildings that implement energy efficiency, sustainable building concepts, and solar electric, fuel cell, and other technologies. On the effective date of this article, the board of governors shall immediately seek a prototype sustainable green community college instructional building that can be a model for all new construction and retrofit projects statewide.

81624. The Chancellor of the California Community Colleges shall establish an advisory committee for the Statewide Energy Management Program, and determine the membership of that committee. The advisory committee, with technical assistance from the commission, shall make recommendations to the chancellor regarding overall program development, resource development and deployment, and strategies for implementation and coordination of the program. A leadership role on this committee shall initially be provided by the staff of the commission and DeAnza College who have been involved since 1992 in a joint effort to promote training, energy efficiency, and

energy independence in the California Community Colleges. This leadership role shall rotate to other community colleges as they complete their own district energy management plans.

SEC. 2.5. Article 6 (commencing with Section 14710) is added to Chapter 2 of Part 5.5 of Division 3 of Title 2 of the Government Code, to read:

Article 6. State Building Energy Retrofits

14710. As used in this article, the following terms have the following meanings:

(a) "Alternative energy equipment" means alternative energy equipment, as defined in subdivision (d) of Section 15814.11, and, in the case of fossil fuel generation, complies with emission standards and guidance adopted by the State Air Resources Board pursuant to Sections 41514.9 and 41514.10 of the Health and Safety Code. Prior to the adoption of those standards and guidance, for the purposes of this article, distributed energy resources shall meet emission levels equivalent to nine ppm oxides of nitrogen, averaged over a three-hour period, or best available control technology for the applicable air district, whichever is lower.

(b) "Cogeneration equipment" means equipment used for cogeneration, as defined in Section 218.5 of the Public Utilities Code.

(c) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account life-cycle costing analyses, and environmental, social, and technological factors, however, renewable technologies shall not be exempt based solely on cost considerations.

(d) "Public building" means a public building, as defined in Section 15802.

(e) "State agency" means any state agency, board, department or commission, including, but not limited to, the entities specified in subdivision (a) of Section 15814.12.

14711.5. (a) The department shall identify each public building in the department's state property inventory where it is feasible for that building to reduce energy consumption and achieve energy efficiencies, as well as to produce its own onsite electrical generation or reduce its level of peak demand electricity

1 *consumption using alternative energy equipment, thermal energy*
2 *storage technologies, or cogeneration equipment.*

3 *(b) The department may consider a variety of factors,*
4 *including, but not limited to, the size of the public building, its*
5 *location, the ease of conversion to onsite electrical generation,*
6 *peak demand reduction efficiency, cost effectiveness, and the*
7 *amount of megawatts generated or shifted to off-peak periods.*

8 *14712. The director may enter into third party agreements*
9 *that the director determines are appropriate to implement energy*
10 *efficiencies and feasible onsite electric generation pursuant to*
11 *Section 14711.5 and to achieve the goals of this section. The*
12 *director may enter into negotiated agreements with parties on the*
13 *terms and conditions that the director deems are in the state's*
14 *interests to accomplish all of the following objectives:*

15 *(a) Reduce overall energy consumption in state facilities by 30*
16 *percent.*

17 *(b) Achieve energy self-sufficiency at state facilities using*
18 *clean, modern technologies that produce zero air emissions or that*
19 *meet or exceed state air quality standards.*

20 *(c) Maximize the use of renewable energy technologies for both*
21 *onsite electrical generation as well as thermal energy production.*

22 *(d) Utilize private third party financing, where feasible, for the*
23 *construction, operation, and maintenance of such energy*
24 *investments.*

25 *(e) Achieve these objectives at delivered energy costs equal to*
26 *or less than the cost of obtaining the energy through the electric*
27 *grid or other conventional means, as determined by the director.*

28 *14713. (a) Notwithstanding subdivision (b) of Section*
29 *15814.12, the department shall retrofit all public buildings,*
30 *identified in Section 14711.5, where feasible, provided that work*
31 *on public buildings of the California State University shall be*
32 *performed only at the request or with the consent of the university.*

33 *(b) If a public building generates more electricity than it uses,*
34 *it may make the energy available for the state electrical*
35 *distribution grid.*

36 *14714. On or before two years after the effective date of the*
37 *act adding this section, and every two years thereafter, the*
38 *Department of General Services shall prepare and submit to the*
39 *Legislature and the Governor, a report of the energy savings, if any,*

1 *in terms of megawatts per year, for each public building retrofitted*
2 *pursuant to this article.*

3 SEC. 3. Article 4 (commencing with Section 15350) is added
4 to Chapter 1 of Part 6.7 of Division 3 of Title 2 of the Government
5 Code, to read:

6
7 Article 4. Renewable Energy Loan Guarantee Program

8 15350. The Legislature finds and declares all of the
9 following:

10 (a) California is experiencing severe electrical shortages,
11 which endanger the health, safety, and economic development
12 opportunity of its citizens.

13 (b) Immediate measures are needed to increase the electrical
14 generation capacity within California, including energy from
15 economical renewable systems.

16 (c) California has been a leader in the development of
17 renewable energy systems, from solar to wind to the most
18 advanced fuel cell technology.

19 (d) California must take all reasonable actions necessary to
20 encourage the continuing construction of renewable energy
21 infrastructure and to maximize reliable, renewable energy systems
22 for homes and businesses.

23 (e) In order to maximize the commercial lending available to
24 renewable energy projects, it is necessary and appropriate to
25 establish a loan guarantee program to assist in obtaining
26 commercial loans to ~~manufacture, sell, purchase,~~ *purchase* and
27 install renewable energy system projects.

28 15351. For the purposes of this article, the following
29 definitions apply:

30 (a) “Eligible business” means an individual, corporation,
31 political body, partnership, joint venture, association, joint stock
32 company, trust, or unincorporated organization.

33 (b) “Financial institution” means a financial institution
34 organized, chartered, or holding a license or authorization
35 certificate under a law of this state or the United States to make
36 loans or extend credit, and subject to supervision by an official or
37 agency of this state or the United States.

38 (c) “Guarantee” means a written agreement between the
39 agency and a financial institution, by which the agency agrees to
40 pay a specified percentage of loan interest and principal for any

1 combination of the following: permitting, ~~manufacturing,~~
2 acquisition, construction, or installation of one or more renewable
3 energy systems located in the state if the eligible business defaults
4 on the loan and the financial institution complies with the terms of
5 the guarantee.

6 (d) “Renewable energy system” means any device or
7 combination of devices, including distributed generation and
8 cogeneration that meets all of the following requirements:

9 (1) Conserves or produces one or more of the following:

10 (A) Heat.

11 (B) Process heat.

12 (C) Space heating.

13 (D) Water heating.

14 (E) Steam.

15 (F) Space cooling.

16 (G) Refrigeration.

17 (H) Mechanical energy.

18 (I) Electricity.

19 (J) Energy in any form convertible to any of the uses specified
20 in subparagraphs (A) to (I), inclusive.

21 (2) Does not expend or use conventional energy fuels, any fuel
22 derived from petroleum deposits, including, but not limited to, oil,
23 heating oil, gasoline, fuel oil, or natural gas, including liquified
24 natural gas, or nuclear fissionable materials, except as provided in
25 subsection (b) of Section 292.204 of Title 18 of the Code of
26 Federal Regulations.

27 (3) Uses one of more of the following renewable electricity
28 generation technologies:

29 (A) Biomass.

30 (B) Solar thermal.

31 (C) Photovoltaic.

32 (D) Wind.

33 (E) Geothermal.

34 (F) Small hydropower (30 megawatts or less).

35 (G) Digester gas.

36 (H) Landfill gas.

37 ~~(I) Municipal solid waste.~~

38 15352. (a) The agency shall administer the California
39 Renewable Energy Loan Guarantee Program to guarantee loans
40 made by financial institutions to eligible businesses for the

1 permitting, manufacturing, acquisition, construction, or
2 installation of renewable energy systems that are intended to
3 decrease the demand on the electricity grid.

4 (b) Notwithstanding any other provision of this article, the
5 California Renewable Energy Loan Guarantee Program shall not
6 be used to guarantee a loan for any small hydropower project that
7 will require a new or increased diversion from any natural stream,
8 lake, or other body of water, as described in Section 1200 of the
9 Water Code.

10 15353. (a) The secretary shall establish a Renewable Energy
11 Loan Guarantee Committee for the purpose of approving loan
12 guarantees based upon the criteria and procedures established by
13 the agency. The secretary may include agency staff, the Director
14 of Finance, representatives of other state agencies, and
15 representatives of the public on the committee.

16 The secretary or his or her designee shall serve as the
17 chairperson of the committee.

18 (b) The committee shall do both of the following:

19 (1) Hold regularly scheduled meetings, at least quarterly, to
20 carry out the objectives and responsibilities of the committee.

21 (2) Approve loan guarantees under this article.

22 (c) The committee shall not approve any guarantee without a
23 determination that, at a minimum, the applicant appears able to
24 repay the guaranteed financing and the financing is adequately
25 collateralized.

26 15354. (a) The Renewable Energy Loan Guarantee
27 Committee shall comply with the California Public Records Act
28 (Chapter 3.5 (commencing with Section 6250) of Division 7),
29 except as specified in subdivision (c).

30 (b) To the extent that the committee is subject to the
31 Bagley-Keene Open Meeting Act (Article 9 (commencing with
32 Section 11120) of Chapter 1 of Part (1), loan guarantee reviews
33 described in paragraph (2) of subdivision (c) shall be exempt from
34 the requirements of the act.

35 (c) The California Public Records Act and the Bagley- Keene
36 Open Meeting Act shall not apply to the following activities of the
37 committee:

38 (1) The disclosure of financial data contained in applications
39 for loan guarantees from the Renewable Energy Loan Guarantee
40 Committee, where the committee determines that disclosure of the

1 financial data would be competitively injurious to the applicant.
2 For this purpose, financial data includes, but is not limited to,
3 financial statements, details of accounts receivable and accounts
4 payable, income tax returns, owner-officer compensation records,
5 collateral details, cash-flow analysis, orders, contracts, financing
6 commitments and agreements, and other documents that would
7 disclose specific names or addresses of customers and suppliers,
8 potential customers and suppliers, or agency and consultant
9 reports analyzing the financial data.

10 (2) Any loan guarantee review by the Renewable Energy Loan
11 Guarantee Committee. For this purpose, the committee or a
12 subcommittee of the committee may review and approve loan
13 guarantee requests by means of a telephone conference, or in a
14 meeting not open to the public.

15 15355. There is hereby created in the State Treasury the
16 Renewable Energy Loan Loss Reserve Fund. Notwithstanding
17 Section 13340, all money in the fund is continuously appropriated
18 without regard to fiscal years for the support of the agency and
19 shall be available for expenditure for the purposes stated in this
20 article. The fund shall be available for the receipt of federal, state,
21 and local moneys, and private donations.

22 15356. (a) The agency shall determine the percentage of the
23 reserve in the Renewable Energy Loan Loss Reserve Fund
24 required to secure loan guarantees made by the committee.
25 However, in no event shall the reserve be less than 25 percent of
26 the fund.

27 (b) The minimum amount that the agency may guarantee for
28 any renewable energy system is twenty-five thousand dollars
29 (\$25,000) and the maximum amount is two million dollars
30 (\$2,000,000). The agency may elect to lower or raise the minimum
31 or maximum amount if a change is found to be in the best interest
32 of the state.

33 (c) The term of the guaranteed loan shall not exceed the useful
34 life of the renewable energy system or 15 years, whichever is
35 shorter.

36 (d) The amount guaranteed shall not exceed 80 percent of a
37 loan, or an amount equal to the anticipated proportion of
38 renewable fuel usage to fuel the renewable energy system, as
39 authorized by paragraph (2) of subdivision (d) of Section 15351,
40 whichever is less.

15357. The agency shall adopt criteria and procedures for the implementation of this article. The criteria and procedures shall be exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1. The criteria and procedures shall include provisions for determining the maximum guarantee amount, leverage, percentage guaranteed, guarantee term, and other conditions of a guarantee. In developing the criteria and procedures for the program, the agency may consult with other state agencies, including the State Energy Resources Conservation and Development Commission. A consultation and public comment period shall begin on the effective date of this article, and shall end 30 days thereafter. *Notwithstanding the 120-day limit specified in subdivision (e) of Section 11346.1, the regulations shall be repealed 180 days after their effective date, unless the department complies with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2, as provided in subdivision (e) of Section 11346.1.*

15358. (a) The agency shall execute guarantees supported solely by funds in the Renewable Energy Loan Loss Reserve Fund.

(b) No guarantee shall be approved unless the eligible business agrees that all electricity generated by the project will be made available within California ~~at just and reasonable rates~~ *on a long-term contract basis*, except that electricity may be made available outside California upon approval by the Public Utilities Commission.

15359. (a) The agency shall establish a reasonable schedule of administrative fees, not to exceed 2 percent of the guarantee amount, which shall be paid by the eligible business to reimburse the state for the costs of administering this article, including promotion and outreach.

(b) The agency may expend earnings on the deposits from, or up to 5 percent of, the Renewable Energy Loan Loss Reserve Fund for administrative expenses, for the respective fiscal year including promotion and outreach, in carrying out this chapter.

15360. The agency may contract with any state or other agency, persons, or firms to enable the agency to properly perform the duties of this article.

15361. The state shall not be liable or obligated in any way beyond the money that is allocated to the Renewable Energy Loan

1 Loss Reserve Fund as a result of any loan guarantee under this
2 article.

3 15362. The agency, with the approval of the Director of
4 Finance, may request the Treasurer to invest the money in the
5 Renewable Energy Loan Loss Reserve Fund. Returns from these
6 investments shall be deposited in the fund and shall be used to
7 support this article.

8 15362.5. Because of the need to immediately increase the
9 availability of renewable energy sources, it is necessary to
10 implement this article without delay. Therefore, from the effective
11 date of this article, and for a period of 18 months thereafter,
12 Section 10295 and Article 4 (commencing with Section 10335) of
13 Chapter 2 of Part 2 of Division 2 of the Public Contract Code shall
14 not apply to contracts entered into pursuant to this article. Any
15 contract that is entered into during that 18-month period shall be
16 awarded based upon the receipt of at least three bids, and the award
17 shall be based on a combination of the expertise of the bidder, the
18 bid price, and the probability that the services offered will meet the
19 needs of the program.

20 SEC. 4. Chapter 4 (commencing with Section 14420) is added
21 to Division 12 of the Public Resources Code, to read:

22
23 CHAPTER 4. MOBILE EFFICIENCY BRIGADE
24

25 14420. This chapter shall be known and may be cited as the
26 Mobile Efficiency Brigade.

27 14421. The Legislature finds and declares all of the
28 following:

29 (a) California is in the midst of a dramatic energy crisis that
30 calls for both an increase in supply and a significant long-term
31 reduction in demand.

32 (b) Conservation programs require a large mobilization effort
33 across the state, within a short timeframe, in order to affect peak
34 demand anticipated for the summer of 2001 and the subsequent
35 winter.

36 (c) California's low-income households and small businesses
37 require upgrading, modification, and conservation investment in
38 order to assist them in contributing to a reduction in demand that
39 is required statewide.

(d) Current state programs can work in conjunction with community-based organizations to significantly penetrate communities and rapidly implement programs aimed at conservation and demand reduction.

(e) The state currently has programs operated and administered by the Department of Community Services and Development and the California Conservation Corps, working in conjunction with and through community-based organizations, that can be expanded to assist in the statewide conservation effort initiated through pending programs.

(f) To the maximum extent feasible, the expenditure of funds appropriated pursuant to this chapter should be prioritized based upon immediate benefits in peak energy demand reduction and more efficient use of energy.

14422. As used in this chapter:

(a) “Community-based organization” means a nonprofit corporation that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986.

(b) “Program” means either of the following:

(1) The Energy Conservation Act of 2001 (Chapter 5.3 (commencing with Section 25425) of Division 15).

(2) Energy Conservation Loans to Shopping Centers (Chapter 4.7 (commencing with Section 25370) of Division 15).

(c) “Energy efficient appliance or measure” means anything that meets the federal Energy Star efficiency standards, *as defined by federal law*, or is 15 percent more efficient than the state or federal energy-efficiency standards.

(d) “Installation” means all labor needed to install energy efficient equipment, including any necessary construction.

(e) “Low-income household,” in the context of the implementation of a specific program, shall be defined as each program specifies. Outside of a specific program, it means households at or below 175 percent of the federal poverty level.

(f) “Small business,” in the context of the implementation of a specific program, shall be defined as each program specifies. Outside of a specific program, it means a licensed business that employs not more than 100 persons.

14423. Notwithstanding any other provision of law, the California Conservation Corps and the Department of Community

1 Services and Development shall expand their current
2 weatherization, energy-efficiency, and rehabilitation programs
3 and assist in the implementation of pending programs as defined
4 in Section 14422, in accordance with the following objectives:

5 (a) Determine the specifics of program expansion and focus on
6 energy efficiency measures including, but not limited to, energy
7 audits, weatherization including the insulation of doors, windows,
8 walls and ceilings, light bulb replacement with subcompact
9 fluorescent lights, installation of water-saving devices and heater
10 exchanges, minor repairs and retrofits, appliance removal and
11 replacement, and tree planting.

12 (b) Identify neighborhoods and areas with dense populations
13 that can be easily served in large numbers.

14 (c) Establish qualifications and priorities consistent with the
15 objectives of this chapter for making grants and working with
16 community-based organizations.

17 (d) Establish guidelines for broad geographic distribution
18 across the state, taking into consideration the factors of population
19 density, community need, and seasonal climate conditions.

20 (e) Establish procedures and policies as may be necessary for
21 the administration of this chapter.

22 14424. Any contracts entered into pursuant to this chapter by
23 a state agency are exempt from the following requirements of the
24 Government Code and the Public Contract Code:

25 (a) Services contracts and consulting services contracts are
26 exempt from Article 4 (commencing with Section 10335) of
27 Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

28 (b) All contracts are exempt from Section 10295 of the Public
29 Contract Code, relating to approval from the Department of
30 General Services.

31 (c) All contracts are exempt from Chapter 6 (commencing with
32 Section 14825) of Part 5.5 of Division 3 of Title 2 of the
33 Government Code, relating to advertising.

34 14425. This chapter shall remain in effect only until January
35 1, 2003, and as of that date is repealed, unless a later enacted
36 statute, that is enacted before January 1, 2003, deletes or extends
37 that date.

38 ~~SEC. 5. Chapter 4.7 (commencing with Section 25370) is~~
39 ~~added to Division 15 of the Public Resources Code, to read:~~
40

CHAPTER 4.7. ENERGY CONSERVATION LOANS TO SHOPPING
CENTERS

~~25370. The Legislature finds and declares that the use of automatic indoor lighting systems and other energy conservation measures in shopping centers will reduce energy usage without negatively impacting customer experience.~~

~~25370.5. (a) “Allocation” means a loan of funds by the commission pursuant to the procedures specified in this chapter.~~

~~(b) “Eligible energy conservation project” means an energy conservation measure, as defined in subdivision (f) of Section 25411 or an energy conservation project, as defined in subdivision (g) of Section 25411, that has been determined as appropriate for the shopping center by an energy audit performed pursuant to Section 25371.~~

~~(c) “Shopping center,” for purposes of this chapter, means a group of two or more retail stores that use common parking facilities or that open to an enclosed common area or a retail store that is at least 1,500 square feet.~~

~~25371. (a) An electrical corporation, as defined in Section 218 of the Public Utilities Code, or a local publicly owned electric utility, as defined in subdivision (d) of Section 9604 of the Public Utilities Code, shall perform an energy audit for the owner of a shopping center upon the request of the shopping center.~~

~~(b) Electrical corporations and local publicly owned electric utilities shall perform outreach to inform shopping centers and retail businesses within a shopping center of the availability of energy audits pursuant to subdivision (a).~~

~~25372. (a) Any owner of a shopping center or a retail business within a shopping center may submit an application to the commission for an allocation for the purpose of financing all, or a portion of, the costs incurred in implementing an eligible energy conservation project. The application shall be in a form and shall contain information that the commission prescribes.~~

~~(b) The commission may make a loan pursuant to this chapter to a shopping center or a retail business within a shopping center for the purpose of financing all, or a portion of, the costs incurred in implementing an eligible energy conservation project.~~

~~(c) (1) The commission shall establish procedures for applications and disbursements of allocations.~~

~~(2) The commission shall establish procedures for repayment of allocations on the basis of the estimated life cycle of the eligible energy conservation project.~~

~~(3) The commission may establish qualifications and priorities, consistent with the objectives of this chapter, for making allocations.~~

~~(4) The commission may establish any procedure or policy necessary for the administration of this chapter.~~

~~(5) The commission shall perform outreach to inform shopping centers and retail businesses within a shopping center of the availability of loans pursuant to subdivision (b).~~

~~(6) The commission shall limit eligibility for loans made pursuant to subdivision (b) to energy conservation projects that will be implemented no later than October 31, 2001.~~

~~(d) Notwithstanding any other provision of law, the commission shall periodically set interest rates on the loans based on surveys of existing financial markets and at rates not lower than the Pooled Money Investment Account.~~

~~25372.5. (a) An allocation made pursuant to this chapter shall be used for the purposes specified in the approved application.~~

~~(b) If the commission determines that an allocation has been expended for purposes other than those specified in an approved application, it shall immediately request the return of the full amount of the allocation. The shopping center or retail business within a shopping center shall immediately comply with this request.~~

~~25373. (a) The Energy Conservation Loans to Shopping Centers Account is hereby established in the General Fund. Notwithstanding Section 13340 of the Government Code, the account is continuously appropriated to the commission without regard to fiscal year.~~

~~(b) The money in the account shall consist of all money authorized or required to be deposited in the account by the Legislature and all money received by the commission pursuant to repayment of the allocations under this chapter.~~

~~(c) The money in the account shall be disbursed by the Controller for the purposes of this chapter as authorized by the commission.~~

~~(d) The funds received from repayment of allocations shall be deposited in the account and may be expended by the commission for the purposes of providing allocations pursuant to this chapter; provided, however, that after October 31, 2001, the funds received from the repayment of allocations under this chapter shall be deposited in the General Fund.~~

~~(e) The commission may annually spend an amount, not to exceed 5 percent of the amount annually deposited in, or transferred to, the account to pay for the actual administrative costs incurred by the commission pursuant to this chapter.~~

~~(f) Notwithstanding any other provision of law, any funds in the account that are not encumbered by October 31, 2001, shall be transferred to the General Fund.~~

~~SEC. 6.—~~

SEC. 5. Chapter 5.3 (commencing with Section 25425) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 5.3. ENERGY CONSERVATION ACT OF 2001

Article 1. General Provisions

25425. This chapter shall be known, and may be cited, as the Energy Conservation Act of 2001.

25426. As used in this article, the following terms have the following meanings:

(a) “Commercial refrigeration” means a refrigerator that is not a federally regulated consumer product.

(b) “Energy-efficient model” means an appliance that meets federal Energy Star specifications set forth in ____.

(c) “Small business” means any small business as defined in paragraph (1) of subdivision (d) of Section 14837 of the Government Code.

Article 2. Loans and Grants for Construction and Retrofit Projects

25433. It is the intent of the Legislature to establish incentives in the form of grants and loans to low-income residents, small businesses, and residential property owners for constructing and retrofitting buildings to be more energy efficient by using design

1 elements, including, but not limited to, energy-efficient siding,
2 insulation, and double-paned windows.

3 25433.5. (a) In consultation with the Public Utilities
4 Commission, the commission shall do both of the following for the
5 purpose of full or partial funding of an eligible construction or
6 retrofit project:

7 (1) Establish a grant program to provide financial assistance to
8 eligible low-income individuals.

9 (2) Establish a 2-percent interest per annum loan program to
10 provide financial assistance to a small business owner, residential
11 property owner, or individual who is not eligible for a grant
12 pursuant to paragraph (1), and whose gross annual income does not
13 exceed one hundred thousand dollars (\$100,000).

14 (b) (1) The commission shall use the design guidelines
15 adopted pursuant to Section 25495 as standards to determine
16 eligible energy-efficiency projects.

17 (2) The award of a grant pursuant to this section is subject to
18 appeal to the commission upon a showing that the commission
19 applied factors, other than those adopted by the commission, in
20 making the award.

21 (3) The grant or loan recipient shall commit to using the grant
22 or loan for the purpose for which the grant or loan was awarded.

23 (4) Any action taken by an applicant to apply for, or to become
24 or remain eligible to receive, a grant award, including satisfying
25 conditions specified by the commission, does not constitute the
26 rendering of goods, services, or a direct benefit to the commission.

27 (5) The amount of any grant awarded pursuant to this article to
28 a low-income individual does not constitute income for purposes
29 of calculating the recipient's gross income for the tax year during
30 which the grant is received.

31 25434. The commission may contract with one or more
32 business entities capable of supplying or providing goods or
33 services necessary for the commission to carry out the
34 responsibilities for the programs conducted pursuant to this
35 article, and shall contract with one or more business entities to
36 evaluate the effectiveness of the programs implemented pursuant
37 to subdivision (a) of Section 25433.5. The commission may select
38 an entity on a sole source basis for one or both of those purposes
39 if the cost to the state will be reasonable and the commission
40 determines that it is in the best interest of the state.

1 25435. As used in this article, the following terms have the
2 following meanings:

3 (a) “Eligible construction or retrofit project” means a project
4 for making improvements to a home or building in existence on the
5 effective date of the act adding this section, through an addition,
6 alteration, or repair, which effectively increases the energy
7 efficiency or reduces the energy consumption of the home or
8 building as specified by the commission’s guidelines under
9 Section 25495. The improvements shall be deemed to be
10 cost-effective.

11 (b) “Low income” means an individual with a gross annual
12 income equal to or less than 200 percent of the federal poverty
13 level.

14 (c) “Small business” means any small business as defined in
15 paragraph (1) of subdivision (d) of Section 14837 of the
16 Government Code.

17
18 Article 3. Small Business Energy Efficient Refrigeration Loan
19 Program
20

21 25435. The commission shall administer the Small Business
22 Energy Efficient Refrigeration Loan Program, as provided for in
23 Section 25436.

24 25436. (a) Within 45 days of the effective date of this chapter,
25 the commission shall implement a Small Business Energy
26 Efficient Refrigeration Loan Program for qualifying small
27 businesses to purchase and install energy efficient refrigeration
28 equipment.

29 (b) The program shall offer loans at 3 percent interest on terms
30 that will ensure the small business owner will repay the loan over
31 time, out of the cash flow savings resulting from lower energy
32 bills.

33 (c) The commission may enter into agreements with lending
34 institutions and qualifying vendors to facilitate making and
35 administering loans. Any loan made by the commission for the
36 purchase of equipment shall be secured against the equipment
37 purchased.

38 (d) The commission shall adopt regulations establishing
39 procedures for loan applications that will expedite the loan process

1 and accelerate the installation of energy efficient refrigeration
2 equipment.

3 ~~SEC. 7. Chapter 5.35 (commencing with Section 25437) is~~
4 ~~added to Division 15 of the Public Resources Code, to read:~~

5
6 ~~CHAPTER 5.35. ENERGY EFFICIENCY ASSISTANCE TO LOCAL~~
7 ~~GOVERNMENTS~~
8

9 ~~25437. The Legislature finds and declares that there is a~~
10 ~~pressing need for focused state funding of local government~~
11 ~~investments in energy efficiency. Current loan, grant, and utility~~
12 ~~programs do not provide adequate assistance to cities, counties, or~~
13 ~~special districts, including school districts. In light of the problems~~
14 ~~with energy supply and the potential for permanent energy~~
15 ~~reductions in city, county, and special district facilities, it is the~~
16 ~~intent of the Legislature to establish a program to fund appropriate~~
17 ~~energy efficiency projects.~~

18 ~~25437.1. (a) The commission shall administer the grant~~
19 ~~program specified in subdivision (b).~~

20 ~~(b) The commission may award grants to a city, county, or~~
21 ~~special district, including a school district, to fund energy~~
22 ~~efficiency and conservation projects in facilities owned by those~~
23 ~~entities.~~

24 ~~(c) The grants specified in subdivision (b) shall provide up to~~
25 ~~50 percent of the cost of energy efficiency and conservation~~
26 ~~projects.~~

27 ~~(d) For purposes of this section, “energy efficiency and~~
28 ~~conservation projects” means an energy conservation measure, as~~
29 ~~defined in subdivision (f) of Section 25411, or an energy~~
30 ~~conservation project, as defined in subdivision (g) of Section~~
31 ~~25411.~~

32 ~~25437.2. The commission shall adopt guidelines for the~~
33 ~~administration of this chapter. Notwithstanding any other~~
34 ~~provision of law, the guidelines adopted under this section are not~~
35 ~~regulations subject to the requirements of Chapter 3.5~~
36 ~~(commencing with Section 11340) of Part 1 of Division 3 of Title~~
37 ~~2 of the Government Code.~~

38 ~~25437.3. (a) To ensure that the commission is able to~~
39 ~~implement the program established by this chapter in the most~~

~~expeditious manner and at the least cost to the state, all of the following shall apply to the award of grants under this chapter:~~

~~(1) Grant awards may be made directly to grantees to implement a project.~~

~~(2) Grant awards may be made to a grantee that proposes to implement its program with a group of related or similar projects.~~

~~(3) Any action taken by an applicant to apply for, or to become or remain eligible to receive, a grant award, including, but not limited to, satisfying conditions specified by the commission, does not constitute the rendering of goods, services, or a direct benefit to the commission.~~

~~(b) Grants may fund administrative expenses incurred by the grantee in administering the grant.~~

~~25437.4. To ensure that the grantee is able to award contracts for energy efficiency and conservation projects in the most expeditious manner and at the least cost to the grantee under this chapter, all of the following shall apply to the award of those contracts:~~

~~(a) The grantee may solicit applications for contracts using a competitive bid or sole source method.~~

~~(b) The grantee may award sole source contracts if the cost to the grantee is reasonable and the grantee determines that it is in the grantee's best interest.~~

~~(c) The grantee may award sole source contracts by choosing from among one or more parties capable of supplying or providing goods or services that meet a specified need of the grantee.~~

~~(d) The grantee may solicit multiple applications for a sole source contract in order to evaluate the expertise of applicants and select contracts that will best meet the needs of the grantee.~~

~~(e) The grantee may contract for technical or administrative services support.~~

~~25437.5. (a) The commission shall contract on a sole source basis with one or more parties for the evaluation of the effectiveness of this chapter and Chapter 5.2 (commencing with Section 25410).~~

~~(b) Any contract executed by the commission pursuant to subdivision (a) is exempt from the following statutes, and any and all laws, regulations, policies, standard terms and conditions, and certifications related to these statutes are hereby expressly waived:~~

~~(1) Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code.~~

~~(2) Section 10295 of the Public Contract Code, relating to approval from the Department of General Services.~~

~~(3) Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, relating to advertising.~~

~~(c) The commission may delegate, to either the executive director of the commission or a committee of the commission, approval of grants or contracts that do not exceed an amount established by the commission. Grants or contracts greater than that amount shall be approved by the commission.~~

~~25437.8.—The commission shall report to the Legislature on or before June 29, 2001, and quarterly thereafter, until grant funds have been expended, regarding the progress of the grant program established by this chapter.~~

~~SEC. 8.—~~

SEC. 6. Section 26003 of the Public Resources Code is amended to read:

26003. As used in this division, unless the context otherwise requires:

(a) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority established pursuant to Section 26004, and any board, commission, department, or officer succeeding to the functions of the authority, or to which the powers conferred upon the authority by this division shall be given.

(b) “Cost” as applied to a project or portion thereof financed under this division means all or any part of the cost of construction and acquisition of all lands, structures, real or personal property or an interest therein, rights, rights-of-way, franchises, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved; the cost of all machinery, equipment, and furnishings, financing charges, interest prior to, during, and for a period after, completion of construction as determined by the authority; provisions for working capital; reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements; the cost of

1 architectural, engineering, financial, accounting, auditing and
2 legal services, plans, specifications, estimates, administrative
3 expenses, and other expenses necessary or incident to determining
4 the feasibility of constructing any project or incident to the
5 construction, acquisition, or financing of any project.

6 (c) (1) “Alternative sources” means the application of
7 cogeneration technology, as defined in Section 25134; the
8 conservation of energy; or the use of solar, biomass, wind,
9 geothermal, hydroelectricity under 30 megawatts, or any other
10 source of energy, the efficient use of which will reduce the use of
11 fossil and nuclear fuels.

12 (2) “Alternative sources” does not include any hydroelectric
13 facility that does not meet state laws pertaining to the control,
14 appropriation, use, and distribution of water, including, but not
15 limited to, the obtaining of applicable licenses and permits.

16 (d) “Advanced transportation technologies” means emerging
17 commercially competitive transportation-related technologies
18 identified by the authority as capable of creating long-term, high
19 value-added jobs for Californians while enhancing the state’s
20 commitment to energy conservation, pollution reduction, and
21 transportation efficiency. Those technologies may include, but are
22 not limited to, any of the following:

23 (1) Intelligent vehicle highway systems.

24 (2) Advanced telecommunications for transportation.

25 (3) Command, control, and communications for public transit
26 vehicles and systems.

27 (4) Electric vehicles and ultra-low emission vehicles.

28 (5) High-speed rail and magnetic levitation passenger systems.

29 (6) Fuel cells.

30 (e) “Financial assistance” includes, but is not limited to, either,
31 or any combination, of the following:

32 (1) Loans, loan loss reserves, interest rate reductions, proceeds
33 of bonds issued by the authority, insurance, guarantees or other
34 credit enhancements or liquidity facilities, contributions of
35 money, property, labor, or other items of value, or any combination
36 thereof, as determined by, and approved by the resolution of, the
37 board.

38 (2) The issuance of authority bonds or the bonds of a special
39 purpose trust used to fund the cost of a project or program for

1 which a participating party is directly or indirectly liable,
2 including, but not limited to, any of the following:

3 (A) Bonds for which the security is provided in whole or in part
4 pursuant to the powers granted by this division.

5 (B) Bonds for which the authority has provided a guarantee or
6 enhancement.

7 (C) Any other type of assistance the authority determines is
8 appropriate.

9 (f) “Participating party” means either of the following:

10 (1) Any person or any entity or group of entities engaged in
11 business or operations in the state, whether organized for profit or
12 not for profit, that applies for financial assistance from the
13 authority for the purpose of implementing a project in a manner
14 prescribed by the authority.

15 (2) Any public agency or nonprofit corporation that applies for
16 financial assistance from the authority for the purpose of
17 implementing a project in a manner prescribed by the authority.

18 (g) “Project” means any land, building, improvement thereto,
19 rehabilitation, work, property, or structure, real or personal,
20 stationary or mobile, including, but not limited to, machinery and
21 equipment, whether or not in existence or under construction, that
22 utilizes, or is designed to utilize, an alternative source, or that is
23 utilized for the design, technology transfer, manufacture,
24 production, assembly, distribution, or service of advanced
25 transportation technologies.

26 (h) “Public agency” means any federal or state agency, board,
27 or commission, or any county, city and county, city, regional
28 agency, public district, or other political subdivision.

29 (i) (1) “Renewable energy” means any device or technology
30 that conserves or produces heat, processes heat, space heating,
31 water heating, steam, space cooling, refrigeration, mechanical
32 energy, electricity, or energy in any form convertible to these uses,
33 that does not expend or use conventional energy fuels, and that
34 uses any of the following electrical generation technologies:

35 (A) Biomass.

36 (B) Solar thermal.

37 (C) Photovoltaic.

38 (D) Wind.

39 (E) Geothermal.

(2) For purposes of this subdivision, “conventional energy fuel” means any fuel derived from petroleum deposits, including, but not limited to, oil, heating oil, gasoline, fuel oil, or natural gas, including liquefied natural gas, or nuclear fissionable materials.

(3) Notwithstanding paragraph (1), “renewable energy” also means ultra-low emission equipment for energy generation based on thermal energy systems such as natural gas turbines.

(j) “Revenue” means all rents, receipts, purchase payments, loan repayments, and all other income or receipts derived by the authority from the sale, lease, or other disposition of alternative source or advanced transportation technology facilities, or the making of loans to finance alternative source or advanced transportation technology facilities, and any income or revenue derived from the investment of any money in any fund or account of the authority.

~~SEC. 9.—~~

SEC. 7. Section 26011.5 of the Public Resources Code is amended to read:

26011.5. The authority shall establish criteria for the selection of projects to receive financing assistance from the authority. In the selection of projects, the authority shall, in accordance with the legislative intent, provide financial assistance under this division in a manner consistent with sound financial practice. In developing project selection criteria, the authority shall consider, but not be limited to, all of the following:

(a) The technological feasibility of the projects.

(b) The economic soundness of the projects and a realistic expectation that all financial obligations can and will be met by the participating parties.

(c) The contribution that the projects can make to a reduction or more efficient use of fossil fuels.

(d) The contribution that the project can make toward diversifying California’s energy resources by fostering renewable energy systems that can substitute, or preferably eliminate, the demand for conventional energy fuels.

(e) Any other such factors that the authority finds significant in achieving the purposes and objectives of this division.

~~SEC. 10.—~~

SEC. 8. Section 26011.6 is added to the Public Resources Code, to read:

26011.6. (a) The authority shall establish a renewable energy loan program to provide 3 percent per annum loans to public power entities, independent generators, utilities, or businesses manufacturing components or systems, or both, to generate new and renewable energy sources, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies, such as solar, photovoltaic, wind, and ultra-low emission equipment. The authority shall give preference to utility-scale projects that can be rapidly deployed to provide a significant contribution as a renewable energy supply.

(b) The authority shall make every effort to expedite the operation of renewable energy systems, and shall adopt regulations for purposes of this section and Sections 26011.5 and 26011.7 as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding the 120-day limitation specified in subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the authority complies with Sections 11346.2 to 11347.3, inclusive, as provided in subdivision (e) of Section 11346.1 of the Government Code.

(c) The authority shall consult with the State Energy Resources Conservation and Development Commission regarding the financing of projects to avoid duplication of other renewable energy projects.

~~(d) The authority shall report the results of its program to the Legislature on or before March 1, 2002, and annually thereafter.~~
~~SEC. 11.—~~

(d) The authority shall ensure that any financed project shall offer its power within California on a long-term contract basis.

SEC. 9. Section 739 of the Public Utilities Code is amended to read:

739. (a) The commission shall designate a baseline quantity of gas and electricity which is necessary to supply a significant portion of the reasonable energy needs of the average residential

1 customer. In estimating those quantities, the commission shall take
2 into account differentials in energy needs between customers
3 whose residential energy needs are currently supplied by
4 electricity alone or by both electricity and gas. The commission
5 shall develop a separate baseline quantity for all-electric
6 residential customers. For these purposes, “all-electric residential
7 customers” are residential customers having electrical service
8 only or whose space heating is provided by electricity, or both. The
9 commission shall also take into account differentials in energy use
10 by climatic zone and season.

11 (b) (1) The commission shall establish a standard limited
12 allowance which shall be in addition to the baseline quantity of gas
13 and electricity for residential customers dependent on life-support
14 equipment, including, but not limited to, emphysema and
15 pulmonary patients. A residential customer dependent on
16 life-support equipment shall be given a higher energy allocation
17 than the average residential customer.

18 (2) “Life-support equipment” means that equipment which
19 utilizes mechanical or artificial means to sustain, restore, or
20 supplant a vital function, or mechanical equipment which is relied
21 upon for mobility both within and outside of buildings.
22 “Life-support equipment,” as used in this subdivision, includes
23 all of the following: all types of respirators, iron lungs,
24 hemodialysis machines, suction machines, electric nerve
25 stimulators, pressure pads and pumps, aerosol tents, electrostatic
26 and ultrasonic nebulizers, compressors, IPPB machines, and
27 motorized wheelchairs.

28 (3) The limited additional allowance shall also be made
29 available to paraplegic and quadriplegic persons in consideration
30 of the increased heating and cooling needs of those persons.

31 (4) The limited additional allowance shall also be made
32 available to multiple sclerosis patients in consideration of the
33 increased heating and cooling needs of those persons.

34 (5) The limited additional allowance shall also be made
35 available to scleroderma patients in consideration of the increased
36 heating needs of those persons.

37 (6) The limited allowance shall also be made available to
38 persons who are being treated for a life-threatening illness or have
39 a compromised immune system, provided that a licensed
40 physician and surgeon or a person licensed pursuant to the

Osteopathic Initiative Act certifies in writing to the utility that the additional heating or cooling allowance, or both, made available pursuant to this subdivision is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

(c) (1) The commission shall require that every electrical and gas corporation file a schedule of rates and charges providing baseline rates. The baseline rates shall apply to the first or lowest block of an increasing block rate structure which shall be the baseline quantity. In establishing these rates, the commission shall avoid excessive rate increases for residential customers, and shall establish an appropriate gradual differential between the rates for the respective blocks of usage ~~for gas rates~~.

(2) In establishing residential electric and gas rates, including baseline rates, the commission shall assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable and while observing the principle that conservation is desirable in order to maintain an affordable bill.

~~(3) Notwithstanding any other provision of law, the commission shall require each electrical corporation to establish a three-tier, increasing block rate structure for residential electric customers at the earliest practicable date. The second-tier rate shall apply to usage between the baseline quantity and an amount equal to at least twice the baseline quantity. The commission may establish the amount of usage subject to the second-tier rate at more than twice the baseline quantity in certain climate zones in order to assure that approximately the same percentage of customer usage in each climate zone is subject to the third-tier rate. The implementation of the three-tier rate structure is not intended to impact the allocation of costs among the various customer classes.~~

~~(4) The commission shall ensure that after implementing the charges required by this section, residential consumption up to 130 percent of the baseline quantity is protected from any bill increases consistent with the terms of Section 80110 of the Water Code. The commission may reduce the baseline rate in order to achieve this objective.~~

~~(5)–~~

(3) At least until December 31, 2003, the commission shall require that all charges for residential electric customers are volumetric, and shall prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption, unless those charges are in place prior to the effective date of the act that added this paragraph.

(d) As used in this section:

(1) “Baseline quantity” means a quantity of electricity or gas for residential customers to be established by the commission based on from 50 to 60 percent of average residential consumption of these commodities, except that, for residential gas customers and for all-electric residential customers, the baseline quantity shall be established at from 60 to 70 percent of average residential consumption during the winter heating season. In establishing the baseline quantities, the commission shall take into account climatic and seasonal variations in consumption and the availability of gas service. The commission shall review and revise baseline quantities as average consumption patterns change in order to maintain these ratios.

(2) “Residential customer” means those customers receiving electrical or gas service pursuant to a domestic rate schedule and excludes industrial, commercial, and every other category of customer.

(e) Wholesale electrical or gas purchases, and the rates charged therefor, are exempt from this section.

(f) Nothing contained in this section shall be construed to prohibit experimentation with alternative gas or electrical rate schedules for the purpose of achieving energy conservation.

~~SEC. 12.—~~

SEC. 10. Section 739.10 is added to the Public Utilities Code, to read:

~~739.10.—The commission shall, upon its own motion, or upon the application of an electrical corporation, make, on a periodic basis, for residential customers, adjustments that are necessary to eliminate any linkage between the recovery of an electrical corporation’s authorized revenues and its electrical sales.~~

~~SEC. 13.—Section 739.11 is added to the Public Utilities Code, to read:~~

~~739.11. (a) For nonresidential customers whose usage is above 100 kilowatts, but do not currently have time-of-use meters in place, the commission shall undertake any necessary measures to allow for the replacement of those nonresidential meters with time-of-use meters.~~

~~(b) Nonresidential customers on time-of-use meters are subject to a time-of-use rate schedule.~~

~~(c) Time-of-use meters identified as having received compliant commission certification are the only meters considered eligible for purposes of this section consist of those certified products found on the commission website which are permitted pursuant to commission Decision No. 98-12-008.~~

~~SEC. 14.—~~

739.10. The commission shall, until December 31, 2002, ensure that errors in estimates of demand elasticity or sales do not result in material over or undercollections of the electrical corporations.

739.11. (a) For purposes of this section, “real time metering” means a system for measuring a customer’s usage of electricity on at least an hourly basis, variably pricing that electricity based on the cost of acquisition or production, and regularly providing and updating that usage and pricing information to the customer.

(b) The commission shall conduct a pilot study of real time metering for nonresidential customers. The purpose of the study is to determine the effectiveness of real time metering in reducing energy demand and overall energy consumption, to examine customer response, to determine how real time metering should be implemented, and to determine whether more widespread use of real time metering is in the public interest. The study shall not duplicate the study required pursuant to Section 393 of the Public Utilities Code. The study shall include rates that vary as the cost of electricity varies and provide appropriate telemetry and other equipment. The study shall include agricultural, large commercial, and industrial customer classes, and may include other customer classes if the commission determines that to do so would be in the public interest. The commission shall report to the Legislature on the results of the study by June 30, 2002.

SEC. 11. Section 2827 of the Public Utilities Code is amended to read:

2827. (a) The Legislature finds and declares that a program to provide net energy metering for eligible customer-generators is one way to encourage substantial private investment in renewable energy resources, stimulate in-state economic growth, reduce demand for electricity during peak consumption periods, help stabilize California's energy supply infrastructure, enhance the continued diversification of California's energy resource mix, and reduce interconnection and administrative costs for electricity suppliers.

(b) As used in this section, the following definitions apply:

(1) "Electric service provider" means an electrical corporation, as defined in Section 218, a local publicly owned electric utility, as defined in Section 9604, or an electrical cooperative, as defined in Section 2776, or any other entity that offers electrical service

(2) "Eligible customer-generator" means a residential, small commercial customer as defined in subdivision (h) of Section 331, commercial, industrial, or agricultural customer of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements.

(3) "Net energy metering" means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (e). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (e), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be

1 responsible for all expenses involved in purchasing and installing
2 a meter that is able to measure electricity flow in two directions.
3 If an additional meter or meters are installed, the net energy
4 metering calculation shall yield a result identical to that of a single
5 meter. An eligible customer-generator who already owns an
6 existing solar or wind turbine electrical generating facility, or a
7 hybrid system of both, is eligible to receive net energy metering
8 service in accordance with this section.

9 (c) (1) Every electric service provider shall develop a standard
10 contract or tariff providing for net energy metering, and shall make
11 this contract available to eligible customer-generators, upon
12 request.

13 (2) If a customer participates in direct transactions pursuant to
14 paragraph (1) of subdivision (b) of Section 365 with an electric
15 supplier that does not provide distribution service for the direct
16 transactions, the ~~electric corporation, as defined in Section 218,~~
17 *service provider* that provides distribution service for an eligible
18 customer-generator is not obligated to provide net energy
19 metering to the customer.

20 (3) If a customer participates in direct transactions pursuant to
21 paragraph (1) of subdivision (b) of Section 365 with an electric
22 supplier, and the customer is an eligible customer-generator, the
23 ~~electrical corporation, as defined in Section 218,~~ *service provider*
24 that provides distribution service for the direct transactions may
25 recover from the customer's electric service provider the
26 incremental costs of metering and billing service related to net
27 energy metering in an amount set by the commission.

28 (d) Each net energy metering contract or tariff shall be
29 identical, with respect to rate structure, all retail rate components,
30 and any monthly charges, to the contract or tariff to which the same
31 customer would be assigned if such customer was not an eligible
32 customer-generator ~~except that eligible customer-generators shall~~
33 ~~not be assessed standby charges on the electrical generating~~
34 ~~capacity or the kilowatthour production of an eligible solar or wind~~
35 ~~electrical generating facility, unless the commission adopts~~
36 ~~charges pursuant to paragraph (4) of subdivision (g). The charges.~~
37 *The charges* for all retail rate components for eligible
38 customer-generators shall be based exclusively on the
39 customer-generator's net kilowatthour consumption over a
40 12-month period, without regard to the customer-generator's

choice of electric service provider. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other charge that would increase an eligible customer-generator's costs beyond those of other customers in the rate class to which the eligible customer-generator would otherwise be assigned are contrary to the intent of this legislation, and shall not form a part of net energy metering contracts or tariffs.

(e) For eligible residential and small commercial customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:

(1) The eligible residential or small commercial customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and at each anniversary date thereafter, be billed for electricity used during that period. The electric service provider shall determine if the eligible residential or small commercial customer-generator was a net consumer or a net producer of electricity during that period.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electric service provider exceeds the electricity generated by the eligible residential or small commercial customer-generator during that same period, the eligible residential or small commercial customer-generator is a net electricity consumer and the electric service provider shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible residential or small commercial customer-generator's consumption shall be calculated as follows:

(A) For all eligible customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an

1 eligible customer-generator. If those same customer-generators
2 are net generators over a billing period, the net kilowatthours
3 generated shall be valued at the same price per kilowatthour as the
4 electric service provider would charge for the baseline quantity of
5 electricity during that billing period, and if the number of
6 kilowatthours generated exceeds the baseline quantity, the excess
7 shall be valued at the same price per kilowatthour as the electric
8 service provider would charge for electricity over the baseline
9 quantity during that billing period.

10 (B) For all eligible customer-generators taking service under
11 tariffs employing “time of use” rates, any net monthly
12 consumption of electricity shall be calculated according to the
13 terms of the contract or tariff to which the same customer would
14 be assigned to or be eligible for if the customer was not an eligible
15 customer-generator. When those same customer-generators are
16 net generators during any discrete time of use period, the net
17 kilowatthours produced shall be valued at the same price per
18 kilowatthour as the electric service provider would charge for
19 retail kilowatthour sales during that same time of use period. If the
20 eligible customer-generator’s time of use electrical meter is unable
21 to measure the flow of electricity in two directions, paragraph (3)
22 of subdivision (b) shall apply.

23 (C) For all residential and small commercial
24 customer-generators and for each monthly period, the net balance
25 of moneys owed to the electric service provider for net
26 consumption of electricity or credits owed to the
27 customer-generator for net generation of electricity shall be
28 carried forward until the end of each 12-month period. For all
29 commercial, industrial, and agricultural customer-generators the
30 net balance of moneys owed shall be paid in accordance with the
31 electric service provider’s normal billing cycle, *except that if the*
32 *commercial, industrial, or agricultural customer-generator is a*
33 *net electricity producer over a normal billing cycle, any excess*
34 *kilowatthours generated during the billing cycle shall be carried*
35 *over to the following billing period, valued according to the*
36 *procedures set forth in this section, and appear as a credit on the*
37 *customer-generator’s account, until the end of the annual period*
38 *when paragraph (3) of subdivision (e) shall apply.*

39 (3) At the end of each 12-month period, where the electricity
40 generated by the eligible ~~residential or small commercial~~

customer-generator during the 12-month period exceeds the electricity supplied by the electric service provider during that same period, the eligible ~~residential or small commercial~~ customer-generator is a net electricity producer and the electric service provider shall retain any excess kilowatthours generated during the prior ~~residential or small commercial~~ 12-month period. The eligible ~~residential or small commercial~~ customer-generator shall not be owed any compensation for those excess kilowatthours unless the electric service provider enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

(4) The electric service provider shall provide every eligible residential or small commercial customer-generator with net electricity consumption information with each regular bill. That information shall include the current monetary balance owed the electric service provider for net electricity consumed since the last 12-month period ended. Notwithstanding subdivision (e), an electric service provider shall permit that customer to pay monthly for net energy consumed.

(5) If an eligible residential or small commercial customer-generator terminates the customer relationship with the electric service provider, the electric service provider shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(6) If an electric service provider providing net metering to a residential or small commercial customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, shall commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

(f) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of

1 Electrical and Electronics Engineers, and accredited testing
2 laboratories such as Underwriters Laboratories and, where
3 applicable, rules of the Public Utilities Commission regarding
4 safety and reliability. A customer-generator whose solar or wind
5 turbine electrical generating system, or a hybrid system of both,
6 meets those standards and rules shall not be required to install
7 additional controls, perform or pay for additional tests, or purchase
8 additional liability insurance.

9 ~~(g) The commission shall do all of the following:~~

10 ~~(1) Track standby and interconnection costs that otherwise~~
11 ~~would be assessed to consumers with eligible net metering of~~
12 ~~greater than 10 kilowatts of nameplate capacity.~~

13 ~~(2) Track system and local benefits provided by eligible net~~
14 ~~metered end-use consumers.~~

15 ~~(3) Determine which benefits conveyed by eligible net metered~~
16 ~~consumers are feasible to track or to estimate, and how to do so.~~

17 ~~(4) By June 1, 2003, adopt standby charges that accurately~~
18 ~~reflect the reasonable costs and benefits conveyed by solar or wind~~
19 ~~self-generation.~~

20 ~~(g) This section shall remain in effect only until June 1, 2002,~~
21 ~~and as of that date is repealed, unless a later enacted statute, that~~
22 ~~is enacted before June 1, 2002, deletes or extends that date.~~

23 *SEC. 12. Section 2827 is added to the Public Utilities Code,*
24 *to read:*

25 *2827. (a) The Legislature finds and declares that a program*
26 *to provide net energy metering for eligible customer-generators is*
27 *one way to encourage private investment in renewable energy*
28 *resources, stimulate in-state economic growth, enhance the*
29 *continued diversification of California's energy resource mix, and*
30 *reduce interconnection and administrative costs for electricity*
31 *suppliers.*

32 *(b) As used in this section, the following definitions apply:*

33 *(1) "Electric service provider" means an electric corporation,*
34 *as defined in Section 218, a local publicly owned electric utility,*
35 *as defined in Section 9604, or an electrical cooperative, as defined*
36 *in Section 2776. 'Electric service provider' also means an entity*
37 *that offers electrical service to residential and small commercial*
38 *customers, as defined in Section 394, if that entity offers net energy*
39 *metering. Any entity that offers net energy metering to residential*
40 *and small commercial customers shall comply with this section.*

(2) “Eligible customer-generator” means a residential customer, or a small commercial customer as defined in subdivision (h) of Section 331, of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 10 kilowatts that is located on the customer’s premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer’s own electrical requirements.

(3) “Net energy metering” means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (e). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (e), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

(4) “Ratemaking authority” means, for an electrical corporation as defined in Section 218, or an electrical cooperative as defined in Section 2776, the commission, and for a local publicly owned electric utility as defined in Section 9604, the local elected body responsible for regulating the rates of the utility.

(c) (1) Every electric service provider shall develop a standard contract or tariff providing for net energy metering, and shall make

1 *this contract available to eligible customer-generators, upon*
2 *request, on a first-come-first-served basis until the time that the*
3 *total rated generating capacity used by eligible*
4 *customer-generators equals one-tenth of 1 percent of the electric*
5 *service provider's aggregate customer peak demand.*

6 (2) *On an annual basis, beginning in 1999, every electric*
7 *service provider shall make available to the ratemaking authority*
8 *information on the total rated generating capacity used by eligible*
9 *customer-generators that are customers of that provider in the*
10 *provider's service area. For those electric service providers who*
11 *are operating pursuant to Section 394, they shall make available*
12 *to the ratemaking authority the information required by this*
13 *paragraph for each eligible customer-generator that is their*
14 *customer for each service area of an electric corporation, local*
15 *publicly owned electric utility, or electrical cooperative, in which*
16 *the customer has net energy metering. The ratemaking authority*
17 *shall develop a process for making the information required by this*
18 *paragraph available to energy service providers, and for using*
19 *that information to determine when, pursuant to paragraph (3), a*
20 *service provider is not obligated to provide net energy metering to*
21 *additional customer-generators in its service area.*

22 (3) *Notwithstanding paragraph (1), an electric service*
23 *provider is not obligated to provide net energy metering to*
24 *additional customer-generators in its service area when the*
25 *combined total peak demand of all customer-generators served by*
26 *all the electric service providers in that service area furnishing net*
27 *energy metering to eligible customer-generators equals one-tenth*
28 *of 1 percent of the aggregate customer peak demand of those*
29 *electric service providers.*

30 (4) *If a customer participates in direct transactions pursuant to*
31 *paragraph (1) of subdivision (b) of Section 365 with an electric*
32 *supplier that does not offer net energy metering and is therefore not*
33 *an electric service provider, the customer is not an eligible*
34 *customer-generator and the electric corporation, as defined in*
35 *Section 218, that provides distribution service for the direct*
36 *transactions, is not obligated to provide net energy metering to the*
37 *customer.*

38 (5) *If a customer participates in direct transactions pursuant to*
39 *paragraph (1) of subdivision (b) of Section 365 with an electric*
40 *supplier that offers net energy metering and is therefore an electric*

1 service provider; and the customer is an eligible
2 customer-generator; the electric corporation, as defined in Section
3 218, that provides distribution service for the direct transactions
4 may recover from the customer's electric service provider the
5 incremental costs of metering and billing service related to net
6 energy metering in an amount set by the commission.

7 (d) Each net energy metering contract or tariff shall be
8 identical, with respect to rate structure, all retail rate components,
9 and any monthly charges, to the contract or tariff to which the same
10 customer would be assigned if such customer was not an eligible
11 customer-generator. The charges for all retail rate components for
12 eligible customer-generators shall be based exclusively on the
13 customer-generator's net kilowatthour consumption over a
14 12-month period, without regard to the customer-generator's
15 choice of electric service provider that offers net energy metering
16 and is subject to this section pursuant to paragraph (1) of
17 subdivision (b), in accordance with subdivision (e). Any new or
18 additional demand charge, standby charge, customer charge,
19 minimum monthly charge, interconnection charge, or other charge
20 that would increase an eligible customer-generator's costs beyond
21 those of other customers in the rate class to which the eligible
22 customer-generator would otherwise be assigned are contrary to
23 the intent of this legislation, and shall not form a part of net energy
24 metering contracts or tariffs.

25 (e) The net energy metering calculation shall be made by
26 measuring the difference between the electricity supplied to the
27 eligible customer-generator and the electricity generated by the
28 eligible customer-generator and fed back to the electric grid over
29 a 12-month period. The following rules shall apply to the
30 annualized net metering calculation:

31 (1) The eligible customer-generator shall, at the end of each
32 12-month period following the date of final interconnection of the
33 eligible customer-generator's system with an electric service
34 provider; and at each anniversary date thereafter, be billed for
35 electricity used during that period. The electric service provider
36 shall determine if the eligible customer-generator was a net
37 consumer or a net producer of electricity during that period.

38 (2) At the end of each 12-month period, where the electricity
39 supplied during the period by the electric service provider exceeds
40 the electricity generated by the eligible customer-generator

1 during that same period, the eligible customer-generator is a net
2 electricity consumer and the electric service provider shall be
3 owed compensation for the eligible customer-generator's net
4 kilowatthour consumption over that same period. The
5 compensation owed for the eligible customer-generator's net
6 12-month kilowatthour consumption shall be calculated as
7 follows:

8 (A) For eligible customer-generators taking service under
9 tariffs employing "baseline" and "over baseline" rates, any net
10 monthly consumption of electricity shall be calculated according
11 to the terms of the contract or tariff to which the same customer
12 would be assigned to or be eligible for if the customer was not an
13 eligible customer-generator. If those same customer-generators
14 are net generators over a billing period, the net kilowatthours
15 generated shall be valued at the same price per kilowatthour as the
16 electric service provider would charge for the baseline quantity of
17 electricity during that billing period, and if the number of
18 kilowatthours generated exceeds the baseline quantity, the excess
19 shall be valued at the same price per kilowatthour as the electric
20 service provider would charge for electricity over the baseline
21 quantity during that billing period.

22 (B) For eligible customer-generators taking service under
23 tariffs employing "time of use" rates, any net monthly
24 consumption of electricity shall be calculated according to the
25 terms of the contract or tariff to which the same customer would
26 be assigned to or be eligible for if the customer was not an eligible
27 customer-generator. When those same customer-generators are
28 net generators during any discrete time of use period, the net
29 kilowatthours produced shall be valued at the same price per
30 kilowatthour as the electric service provider would charge for
31 retail kilowatthour sales during that same time of use period. If the
32 eligible customer-generator's time of use electrical meter is
33 unable to measure the flow of electricity in two directions,
34 paragraph (3) of subdivision (b) shall apply.

35 (C) For all customer-generators and for each monthly period,
36 the net balance of moneys owed to the electric service provider for
37 net consumption of electricity or credits owed to the
38 customer-generator for net generation of electricity shall be
39 carried forward until the end of each 12-month period.

(3) At the end of each 12-month period, where the electricity generated by the eligible customer-generator during the 12-month period exceeds the electricity supplied by the electric service provider during that same period, the eligible customer-generator is a net electricity producer and the electric service provider shall retain any excess kilowatthours generated during the prior 12-month period. The eligible customer-generator shall not be owed any compensation for those excess kilowatthours unless the electric service provider enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

(4) The electric service provider shall provide every eligible customer-generator with net electricity consumption information with each regular bill. That information shall include the current monetary balance owed the electric service provider for net electricity consumed since the last 12-month period ended. Notwithstanding subdivision (e), an electric service provider shall permit that customer to pay monthly for net energy consumed.

(5) If an eligible customer-generator terminates the customer relationship with the electric service provider, the electric service provider shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(6) If an electric service provider providing net metering to a customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, shall commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

(f) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding

1 *safety and reliability. A customer-generator whose solar or wind*
2 *turbine electrical generating system, or a hybrid system of both,*
3 *meets those standards and rules shall not be required to install*
4 *additional controls, perform or pay for additional tests, or*
5 *purchase additional liability insurance.*

6 (g) *This section shall become operative on June 1, 2002.*

7 ~~SEC. 15.—~~

8 *SEC. 13.* No reimbursement is required by this act pursuant
9 to Section 6 of Article XIII B of the California Constitution for
10 certain costs that may be incurred by a local agency or school
11 district because in that regard this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.

17 However, notwithstanding Section 17610 of the Government
18 Code, if the Commission on State Mandates determines that this
19 act contains other costs mandated by the state, reimbursement to
20 local agencies and school districts for those costs shall be made
21 pursuant to Part 7 (commencing with Section 17500) of Division
22 4 of Title 2 of the Government Code. If the statewide cost of the
23 claim for reimbursement does not exceed one million dollars
24 (\$1,000,000), reimbursement shall be made from the State
25 Mandates Claims Fund.

26 ~~SEC. 16.—~~

27 *SEC. 14.* The sum of four hundred five million one hundred
28 fifty thousand dollars (\$405,150,000) is hereby appropriated or
29 reappropriated to the Controller from the following sources:

30 (a) Twenty-five million one hundred fifty thousand dollars
31 (\$25,150,000) from the Proposition 98 Reversion Account,
32 reappropriated on a one-time basis from the Proposition 98
33 Reversion Account from moneys appropriated in the 2000–01
34 fiscal year to community colleges.

35 (b) Three hundred eighty million dollars (\$380,000,000) from
36 the General Fund.

37 (c) The moneys reappropriated from the Proposition 98
38 Reversion Account shall be allocated to the Chancellor of the
39 California Community Colleges who shall allocate those funds as
40 follows:

(1) Twenty-three million dollars (\$23,000,000) to be expended for the purposes of implementing Article 2 (commencing with Section 81610) of Chapter 3 of Part 49 of Division 7 of Title 3 of the Education Code. The Chancellor shall allocate the funds in this paragraph to all community college districts statewide in an amount equivalent to a district's share of the total gross square footage of all permanent structures reported on the system's October 2000 Space Inventory Report. Notwithstanding any other provision of law, due to the urgent need to realize the necessary energy savings by the summer of 2001 these funds shall be made available to the districts within one week of the effective date of this act. Any funds allocated pursuant to this paragraph that are unencumbered by October 30, 2001, shall revert to the General Fund on that date.

(2) Two million dollars (\$2,000,000) *in the form of a zero interest loan repayable over a reasonable period of time* for a community college district to construct a sustainable green instructional building. The projected energy systems for this building shall reduce its demand on primary energy sources to a level of 40 to 50 percent below the current Title 24 (Version 98) of the California Code of Regulations including building energy design performance and onsite power generation and or the equivalent level in future versions of Title 24. A minimum of ten million dollars (\$10,000,000) of the total project costs shall be derived from nonstate resources. Preliminary plans for this building shall be completed, and working drawings approved, by the State Architect before the end of the 2001–02 fiscal year.

(3) One hundred fifty thousand dollars (\$150,000) as a grant to the Community College League of California to provide a statewide database of community college district utility usage for immediate application. The data base shall be accessible to the Chancellor's Office of the California Community Colleges as well as to all community college districts statewide to assist in conservation, facilities planning and energy management. The data base shall track the usage of electricity and natural gas, and may track the usage of water, sewer and other utilities. The data base shall further provide an ongoing audit of utility billings to check for billing errors and to ensure that districts recover potential billings that exceed cost of actual usage.

(d) The moneys appropriated from the General Fund shall be allocated as follows:

(1) The sum of forty million dollars (\$40,000,000) shall be deposited in the Renewable Energy Loan Loss Reserve Fund.

(2) (A) The sum of forty million dollars (\$40,000,000) shall be allocated to the California Conservation Corps for costs associated with the purchase, distribution, and installation of subcompact fluorescent lights, *other energy savings measures*, and water-saving devices. It is the intent of the Legislature that the California Conservation Corps complete the distribution of the purchased materials by August 31, 2001.

(B) The California Conservation Corps, in implementing the provisions of subparagraph (A), shall consult with the Department of Community Services and Development, and shall provide for broad geographic distribution of the purchased materials throughout the state, identify neighborhoods and areas with dense populations that can easily be served in large numbers, and take into account community need.

(C) The California Conservation Corps shall report to the Legislature on or before October 31, 2001, on the use of the funds allocated pursuant to this paragraph, the cost-effectiveness of the activities, and the number of homes and businesses reached.

~~(3) The sum of twenty-five million dollars (\$25,000,000) shall be deposited in the Energy Conservation Loans to Shopping Centers Account, for expenditure by the State Energy Resources Conservation and Development Commission for the purposes of outreach and the allocation of loans pursuant to Chapter 4.7 (commencing with Section 25370) of Division 15 of the Public Resources Code.~~

~~(4) The sum of one hundred and fifty million dollars (\$150,000,000) shall be allocated to the State Energy Resources~~

~~(3) The sum of one hundred fifty-four million five hundred thousand dollars (\$154,500,000) shall be allocated to the State Energy Resources Conservation and Development Commission for allocation in accordance with the following schedule:~~

(A) Fifty million dollars (\$50,000,000) shall be expended in accordance with Article 2 (commencing with Section 25433) of Chapter 5.3 of Division 15 of the Public Resources Code, for a loan or a grant for an eligible construction or retrofit project.

1 (B) Fifty million dollars (\$50,000,000) shall be expended
2 ~~pursuant to a voluntary program to purchase time-of-use meters~~
3 ~~for nonresidential customers who do not have time-of-use meters~~
4 ~~that distinguish and measure peak and off-peak energy use and~~
5 ~~whose usage is greater than 100 kilowatts. Any funds remaining~~
6 ~~after purchasing time-of-use meters for nonresidential customers~~
7 ~~whose usage is greater than 100 kilowatts shall be made available~~
8 ~~to purchase time-of-use meters for nonresidential customers who~~
9 ~~do not have time-of-use meters and whose usage is 100 kilowatts,~~
10 ~~or less. The Public Utilities Commission shall undertake any~~
11 ~~necessary measures to ensure the replacement of the~~
12 ~~nonresidential meters with time-of-use meters that distinguish and~~
13 ~~measure peak and off-peak energy use within a reasonable but~~
14 ~~short period of time. Notwithstanding any other provision of law,~~
15 ~~the Public Utilities Commission shall allocate the funds in this~~
16 ~~subparagraph with priority being based on the eligible customers~~
17 ~~with the highest kilowatt usage. The Public Utilities Commission~~
18 ~~shall establish a time-of-use rate schedule to which nonresidential~~
19 ~~customers on time-of-use meters will be subject. for electric~~
20 ~~metering programs. Twenty-five million dollars (\$25,000,000)~~
21 ~~shall be used to provide time-of-use meters for customers whose~~
22 ~~usage is greater than 200 kilowatt. Twenty-five million dollars~~
23 ~~(\$25,000,000) shall be provided to the Public Utilities~~
24 ~~Commission to fund the program described in Section 739.11 of the~~
25 ~~Public Utilities Code.~~

26 (C) Fifty million dollars (\$50,000,000) shall be expended for
27 the Small Business Energy Efficient Refrigeration Loan Program
28 provided for in Section 25436 of the Public Resources Code.

29 ~~(5) The sum of fifty million dollars (\$50,000,000) shall be~~
30 ~~allocated as follows:~~

31 ~~(A) Twenty-five million dollars (\$25,000,000) shall be~~
32 ~~deposited in~~

33 (4) (A) *The sum of fifty million dollars (\$50,000,000) shall be*
34 *allocated to the State Energy Conservation Assistance Account*
35 *created by Section 25416 of the Public Resources Code for*
36 *expenditure by the State Energy Resources Conservation and*
37 *Development Commission to provide loans and grants, as*
38 *determined by the commission, pursuant to Chapter 5.2 5.35*
39 *(commencing with Section 25410) of Division 15 of the Public*
40 *Resources Code.*

1 ~~(B) Twenty-five million dollars (\$25,000,000) shall be~~
2 ~~allocated to the State Energy Resources Conservation and~~
3 ~~Development Commission to provide grants consistent with the~~
4 ~~purposes of Chapter 5.2 (commencing with Section 25410) of~~
5 ~~Division 15 of the Public Resources Code.~~

6 ~~(C) The State Energy Resources Conservation and~~
7 ~~Development Commission shall deem any applicant determined to~~
8 ~~be eligible for a loan from the funds provided in subparagraph (A)~~
9 ~~to be eligible for a grant from the funds provided in subparagraph~~
10 ~~(B). The amount of the grant awarded to any applicant shall equal~~
11 ~~50 percent of the approved loan amount. The actual amount of the~~
12 ~~loan provided to any applicant shall be reduced by an amount equal~~
13 ~~to the grant amount.~~

14 ~~(D)~~
15 (B) In allocating the funds pursuant to this paragraph, the State
16 Energy Resources Conservation and Development Commission
17 shall give priority to applications for energy conservation projects
18 or energy conservation measures that can be completed before
19 September 1, 2001.

20 ~~(6)~~
21 *(5) The sum of four million five hundred thousand dollars*
22 *(\$4,500,000) is hereby appropriated from the General Fund to the*
23 *State Energy Resources Conservation and Development*
24 *Commission (Energy Commission) for expenditure to complete the*
25 *Southeast Geysers Effluent Injection System (SEGIS), Phase 2*
26 *Project of the Basin 2000 Project in Lake County. This*
27 *appropriation is to enable Basin 2000 to come online in December*
28 *2001, to produce an additional 10 megawatts (MW) of geothermal*
29 *power, which it and the Northern California Power Agency, the*
30 *sole partner with the Lake County Sanitation District, commit to*
31 *selling to the state at their cost to help with California's electricity*
32 *crisis.*

33 (6) The sum of twenty-five million dollars (\$25,000,000) shall
34 be allocated to the California Alternative Energy and Advanced
35 Transportation Financing Authority for the purpose of
36 implementing Section 26011.6 of the Public Resources Code.

37 (7) (A) The State Energy Resources Conservation and
38 Development Commission shall expand programs to promote
39 clean distributed generation technologies neither owned nor
40 controlled by electrical corporations. Pursuant to subparagraphs

(B) and (C), the incentives that the commission shall develop pursuant to this section shall address existing barriers to the increased use of these technologies, including, but not limited to, incentives to help reduce the initial system purchase price, develop low-cost financing mechanisms, offset interconnection fees charged by electrical corporations, and streamline the utility interconnection process by reducing administrative delay.

(B) The sum of thirty million dollars (\$30,000,000) shall be deposited in the Emerging Renewable Resources Account in the Renewable Resource Trust Fund established pursuant to Section 445 of the Public Utilities Code. Notwithstanding Section 13340 of the Government Code, the money deposited in the Emerging Renewable Resources Account by this subparagraph is hereby continuously appropriated to the State Energy Resources Conservation and Development Commission, without regard to fiscal year, for the purposes specified in subparagraph (C).

(C) The money allocated pursuant this paragraph may be expended by the commission only for the following purposes:

(i) Twenty-two million dollars (\$22,000,000) for ~~an increase in the rebate amount~~ *rebates* available for small distributed emerging technologies that are eligible for funding pursuant to subdivision (d) of Section 383.5 of the Public Utilities Code that have a peak generating capacity of 10 kilowatts or less. The commission shall determine the maximum rebate level for small systems to be awarded pursuant to this clause. Within the maximum rebate level, the commission may provide for different rebate levels, such as higher rebate levels for systems installed and operational within a specified timeframe, or for targeted end-use customers that need additional financial support, such as for public schools and state and local governmental facilities.

(ii) Eight million dollars (\$8,000,000) for rebates for small distributed emerging technologies that are eligible for funding pursuant to subdivision (d) of Section 383.5 of the Public Utilities Code that have a peak generating capacity of 10 kilowatts or less and that are located at a customer site receiving distribution service from a local publicly owned electric utility, as defined in Section 9604 of the Public Utilities Code. The commission shall determine the maximum rebate level for small systems to be awarded pursuant to this clause. Within the maximum rebate level, the commission may provide for different rebate levels, such as higher

1 rebate levels for systems installed and operational within a
2 specified timeframe, or for targeted end-use customers that need
3 additional financial support, such as for public schools and state
4 and local governmental facilities.

5 *(iii) The commission shall ensure that projects eligible for*
6 *rebates pursuant to clauses (i) and (ii) shall not also receive*
7 *rebates from similar programs adopted by the Public Utilities*
8 *Commission.*

9 (D) Notwithstanding subdivision (d) of Section 383.5 of the
10 Public Utilities Code, the commission may increase the maximum
11 rebate levels for distributed emerging technologies eligible for
12 funding under subdivision (d) of Section 383.5 of the Public
13 Utilities Code that have a peak generating capacity greater than 10
14 kilowatts, if the commission determines that an increase is
15 appropriate to further stimulate the installation of emerging
16 renewable technologies in general or for targeted end-use
17 customers that need additional financial support, such as public
18 schools and state and local governmental facilities. The maximum
19 incentive levels established by the commission may vary based on
20 system size and type of end-use consumer.

21 (E) For purposes of this paragraph, ‘commission’ means the
22 State Energy Resources Conservation and Development
23 Commission.

24 ~~(8) (A) The sum of twenty million dollars (\$20,000,000) shall~~
25 ~~be allocated to the Department of Community Services and~~
26 ~~Development for low income weatherization programs. These~~
27 ~~funds represent an amount equal to the allocation of federal funds~~
28 ~~to California for the Low Income Home Energy Assistance~~
29 ~~Program (LIHEAP) and the Department of Energy Low Income~~
30 ~~Weatherization Assistance Program (DOE LIWAP) for the 2001~~
31 ~~federal fiscal year.~~

32 ~~(B) Notwithstanding any other provision of law, moneys~~
33 ~~allocated pursuant to subparagraph (A) may be allocated to~~
34 ~~community-based organizations approved either by the federal~~
35 ~~government or by the Department of Community Services and~~
36 ~~Development.~~

37 ~~SEC. 18.—~~

38 *SEC. 15.* This act is an urgency statute necessary for the
39 immediate preservation of the public peace, health, or safety

1 within the meaning of Article IV of the Constitution and shall go
2 into immediate effect. The facts constituting the necessity are:
3 In order to prevent rolling blackouts, and the shortage of
4 electrical generating capacity in the state that endangers the health,
5 welfare, and safety of the people of this state, it is necessary that
6 this act take effect immediately.

O

